

BOLHOUSE, BAAR & LEFERE, P.C.
ATTORNEYS AT LAW

Rick the Builder

Rick Bolhouse

February 2014

As many of our readers know, our law firm does a large amount of collection work. We specialize in collecting accounts receivable, and have done this work for literally hundreds of companies and individuals.

Although I've commented on this in the past, I've recently had a number of cases where my clients have brought in contracts or accounts receivable against entities that do not exist. This creates significant problems when trying to collect.

For example, a client brings in an account and wants me to sue the name on the account or the name on the contract. The name on the contract is "Rick the Builder". The contract is between my client and Rick the Builder, the invoices were sent to Rick the Builder, and my client legitimately thinks Rick the Builder owes the bill.

Before we actually send out collection letters or file a law suit, we want to know who we have to serve and who "Rick the Builder" really is. Sometimes our searches find that Rick the Builder is not a valid corporation, is not a limited liability company, is not a valid assumed name, and, in fact, has no legal basis at all. Rick the Builder is simply a made-up name that has no legal significance of any kind. If that is the case, it is difficult for us to know who really is the party that owes the debt and who we should be proceeding against.

Sometimes when we track who Rick the Builder is, we find out that the company's legal name is actually Richard L. Bolhouse Building & Landscaping, LLC. Therefore, a contract with Rick the Builder may not actually be sufficient enough to go after the LLC.

Before you get into a contractual relationship and/or an open account with an individual or company, it is vital to get information on exactly with whom are you contracting. If you're contracting with an individual, get a copy of their driver's license so you have their proper name. If it's with a company, check with the state or the county to make sure you're contracting with the correct name of the company or the proper assumed name. In addition, whenever possible, you want to contract with the individual or get a personal guaranty rather than contracting with a corporation or LLC. After all, "LLC" stands for "Limited Liability Company" and people set up those types of entities specifically to limit their liability for various things – including being personally responsible for debt.

It is not difficult to check with the county or state to find out the proper name of anyone you want to do business with before actually contracting with them or setting them up on an open account.